Factors Influencing the Location Choice of SMEs: A Case Study of Wilaya of Bouira

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Abstract

This study examines the key factors influencing the location choices of Small and Medium Enterprises (SMEs) in the wilaya of Bouira, a region with significant potential for rapid development. Despite its agricultural base, Bouira faces an industrial lag, primarily due to historical insecurity during the 1990s and limited industrial diversification. The research highlights four key factors that drive SME location decisions: availability of land, the area's reputation for business dynamism, access to business information, and proximity to suppliers. Additionally, personal ties to the region and strong social networks also play a crucial role in decision-making, with many entrepreneurs favoring familiarity and community connections. The study draws comparisons with national data, emphasizing that personal and emotional ties to a locality can sometimes outweigh strategic considerations. The findings suggest that while economic factors are significant, personal networks and local relationships.

Keywords

SMEs (Small and Medium Enterprises;
Location factors;
Economic development;
Personal networks;
Industrial dynamics.

العوامل المؤثرة في اختيار موقع المؤسسات الصغيرة والمتوسطة: دراسة حالة ولاية بويرة

ملخص

تدرس هذه الورقة البحثية العوامل الرئيسية التي تؤثر في اختيارات مواقع المؤسسات الصغيرة والمتوسطة (SMEs) في ولاية بويرة، وهي منطقة تتمتع بإمكانات كبيرة للتنمية. على الرغم من قاعدتها الزراعية، تواجه بويرة تأخراً صناعياً، يعود بشكل رئيسي إلى حالة انعدام الأمن التي سادت خلال التسعينات وقلة التنوع الصناعي. يسلط البحث الضوء على أربعة عوامل رئيسية تؤثر في قرارات تحديد موقع المؤسسات الصغيرة والمتوسطة: توفر الأراضي، سمعة المنطقة في مجال ديناميكية الأعمال، الوصول إلى معلومات الأعمال، وقربها من الموردين. بالإضافة إلى ذلك، تلعب الروابط الشخصية بالمنطقة والشبكات الاجتماعية القوية دوراً مهماً في عملية اتخاذ القرار، حيث يفضل العديد من رواد الأعمال الألفة والعلاقات المجتمعية. تقارن الدراسة مع البيانات الوطنية، مما يبرز أن الروابط الشخصية والعاطفية بالمكان يمكن أن تتفوق أحياناً على الاعتبارات الاستراتيجية. تشير النتائج إلى أنه على الرغم من أن العوامل الاقتصادية مهمة، فإن الشبكات الشخصية والعلاقات المحلية تبقى ذات تأثير كبير.

الكلمات المفتاحية

المؤسسات الصغيرة والمتوسطة؛
عوامل التموقع؛
التنمية الاقتصادية؛
الشبكات الشخصية؛
الديناميكيات الصناعية.

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I- Introduction :

The presence of entrepreneurs and businesses in a territory plays a crucial role in its economic development. They actively contribute to job creation, innovation, and the generation of new wealth. However, although the impact of business location on territorial development is an area of interest, few studies have focused on this phenomenon, particularly in developing countries where territorial imbalances are especially pronounced. This raises a critical question : **to what extent does the location choice of small and medium-sized enterprises (SMEs) contribute to local economic development, and what are the key factors influencing this decision?**

The hypothesis we propose in this study is that the location choice of SMEs is not based solely on objective economic factors but is also influenced by personal, social, and geographical considerations. In other words, while economic factors such as land availability, proximity to suppliers, and access to business information play a decisive role, the personal connections of entrepreneurs to their territory, as well as their social networks, can also be significant determinants in the decision-making process.

This study is based on a survey conducted with over 100 businesses in the Bouira region of Algeria, analyzing how these different factors influence location decisions and how this impacts the territorial development of the region. To achieve this, our work is structured into four sections : introduction, methods and materials, results and discussion, and finally, conclusion.

I.1. Literature review:

Differences between territories in terms of firm size and industrial composition can explain variations in SME growth. Favorable regulations, resource availability, market opportunities, and business networks within a given territory can positively impact firm growth (Cooper et al., 1992; Brüderl & Preisendorfer, 1998; Antoncic, 2002; Moati et al., 2006; Swiss Media, 2008). Moati et al. (2006) studied the influence of territorial characteristics on the growth of young firms and identified three key dimensions through which the location affects business expansion: resource availability, market opportunities, and access to coordination mechanisms.

I. 1.1. Resource Availability:

The resource-based approach emphasizes the value creation potential of territorial resources. A "resource" can be defined as any tangible or intangible asset whose potential value is locally recognized and can be effectively exploited. Some resources are generic (such as oil and minerals), while others are specific due to their location, production processes that involve strong interactions between the territory and its actors, or their limited use. Territorial resources can be classified under various forms, as illustrated in the following table:

Table 1. Definition of Territorial Resources

A Territorial Resource (TR) is…	**Must be…**	**…linked to…**
Geographically identifiable	Benefiting from the advantage of proximity, meaning a clear identification as "originating from somewhere," with territorially significant arrangements that can be articulated and combined with other identified local resources.	"Proximity" (reducing distance) and the availability of what benefits from proximity.
Objectivable	Demonstrating a phenomenological, objective, and tangible existence (not fictional or imagined), making it recognizable and shareable.	The materiality of the resource (a product) and its immateriality (a service or know-how).
Tradable	Capable of being exchanged—it is not a gift or donation, meaning it has value in being traded but is not merely a "territorial product."	Market-based exchanges (monetary and profitable) between suppliers and demanders, as well as non-market exchanges (barter, local exchange systems, etc.) between consumer-actors.
	Characterized by at least one intrinsic distinctive quality, meaning it is inherently	

Endowed with territorial quality	"non-existent elsewhere." A shareable TR is connected in multiple ways to existing territorial qualities, often reflected in its designation.	Measurable, verified, and certified quality, as well as perceived quality (desired, relative, speculative, etc.).

Source: Lajarge R., Pecqueur B., 2011, *"Ressources territoriales : Gouvernance et politiques publiques,"* RessTerr, p.23, available at: www.reseaurural.fr.

Each territory exhibits specific characteristics in terms of endowments with fixed resources. The low mobility of small businesses makes them particularly dependent on the availability of local resources. For example, while capital is a mobile factor, the same cannot be said for labor. In general, labor supply remains closely tied to its territory, and the richness of this supply can influence the growth of young businesses. Young firms tend to experience stronger growth in territories with high economic density. The resource availability of a given territory includes:

- **The labor market**, through wages, ease of access to skilled labor, and the presence of specific qualifications for a given industry.
- **The presence of specialized suppliers and service providers**, along with knowledge externalities, particularly those associated with labor mobility and the facilitation of networking due to geographic proximity.
- **Transportation infrastructure**, which connects local businesses to major exchange networks, and **telecommunication infrastructure**, which impacts the quality and cost of information exchanges.
- **Local competition for resources**, which can limit the growth capacity of certain young firms while leading to the exit of less competitive businesses.

I.1.2. Market Opportunities:

Due to their early stage of development and small size, young businesses largely depend on the local market to sell their products. As a result, their growth is also influenced by the market opportunities available in their territory. The importance of these opportunities depends on several factors:

- The local population size and its average income.
- The territory's ability to attract consumers from other areas, including commercial appeal to neighboring regions, tourist flows, and the presence of second homes.
- The density of the local customer base and its propensity to purchase locally.

Beyond the existence of significant local market opportunities, the growth of young firms also depends on the density of the local supply, which determines the intensity of competition that new businesses will face.

I.1.3. Access to Coordination Mechanisms:

As highlighted in previous sections, the literature on business growth emphasizes the importance of entrepreneurs integrating into diverse networks (Cooper et al., 1992; Brüderl & Preisendorfer, 1998; Antoncic, 2002; Papadaki & Chami, 2002). Networks facilitate access to specific resources, provide psychological support, inspiration, information, and assistance, and simplify transactions. Certain locations (with strong institutional or cultural dimensions) offer SMEs the opportunity to participate in networks and build significant social capital.

The study by Moati et al. (2006), based on a sample of 17,498 young businesses, found a positive relationship between resource availability, market opportunities within a given territory, and business growth. It also confirmed a negative relationship between the intensity of local competition and business growth.

I.2. The Natural Territorial Potential of Bouira Wilaya:

Wilaya of Bouira is part of the central-northern region of the country, which includes ten wilayas. Although it is the third-largest in terms of area within this region, it remains one of the least developed, except for some indicators where it surpasses Tipaza, a more recently established wilaya.

I.2.1. The Natural Potential of Bouira Wilaya: An Open yet Isolated Territory:

The wilaya covers an area of approximately **4,500 km²** and had a population of **842,000** as of **the end of 2020**, with an average density of **187 inhabitants/km²**. It ranks third in size within the central-northern region and is bordered by:

- **Northwest:** Boumerdès Wilaya
- **Northeast:** Tizi-Ouzou and Béjaïa Wilayas, as well as the Djurdjura Mountain Range, whose southern slopes belong to Bouira
- **Southeast:** Bordj Bou Arréridj and M'Sila Wilayas, along with the Dirah and Bibans mountain ranges, which distinctly separate Bouira from the High Plateaus
- **Southwest:** Médéa and Blida Wilayas

The region exhibits a juxtaposition of **two distinct climates**:

- **The first, relatively humid,** covers the entire southern slope of Djurdjura and extends across the northern part of the wilaya.
- **The second, influenced by the High Plateaus,** has a semi-arid climate that dominates the southern sector of the wilaya.

Despite its rugged terrain, the northern zone offers significant advantages for the development of **mountain-based agro-pastoral activities** as well as **agri-food industries** in the lower-altitude areas. The cattle population is relatively abundant, although milk production remains low.

I.2.2. Significant Development Potential:

The water potential of Bouira Wilaya ranks second among the major hydrological basins of the central-northern region, behind that of Blida Wilaya. This advantage is largely due to the limestone massif of Djurdjura in the north, which acts as an orographic barrier, facilitating rainfall formation carried by humid winds from the Mediterranean.
Winter snowfall not only supplies numerous wadis (rivers) for nearly half the year and provides fresh water sources in all seasons, but also replenishes the groundwater table at the base of the mountain slopes. Without this natural regeneration, excessive drilling could have depleted the groundwater reserves. The hydrogeological role of this alluvial aquifer, along with its resurgent springs and the dams built downstream of the wadis, aligns perfectly with large-scale water management projects. These initiatives could further strengthen Bouira's role in water mobilization on a broader scale. Currently, the wilaya already supplies water from its dams to most neighboring southeastern wilayas.

However, irrigated agriculture remains Bouira's greatest asset. The wilaya has experienced a qualitative leap thanks to the water supply from major dams, with a total capacity exceeding 800 million cubic meters, complemented by hill reservoirs with a capacity of nearly 6 million cubic meters. Despite this, Bouira’s irrigated surface area remains lower than that of almost all other wilayas in the central-northern region, both in absolute terms (hectares) and relative terms (% of Utilized Agricultural Area – UAA).

There is, therefore, considerable potential for the development of irrigated agriculture and water-efficient practices. This includes not only the exploitation of this vital resource but also the equipment, tools, and technologies required for water conservation. Given Bouira’s significant water potential, agriculture stands as its primary strength, supported by a relatively large UAA of 190,000 hectares, out of a total land area of 445,626 hectares.
It is important to note, however, that in its southern region, Bouira possesses large underutilized spaces due to low rainfall levels. These arid zones hold significant potential for medium- to large-scale investment projects, as evidenced by the establishment of industrial zones and business parks in this part of the wilaya. The two main existing industrial zones are located in Dirah and Oued El Berdi, but the overall territorial configuration presents strong opportunities for integrated and rapid development. This, in turn, enhances the attractiveness of Bouira for various economic activities.

On another level, Bouira Wilaya has significant development potential due to its extensive road and rail network, which crosses the region from east to west and from north to south (for roadways). This strategic location has historically made Bouira a key hub for trade and services of all kinds, even in ancient times. The new East-West Highway, which runs through the wilaya and significantly shortens travel distances to Algiers and neighboring wilayas, as well as to Constantine and the surrounding provinces (Bordj Bou Arreridj, Sétif, Batna), further strengthens its position as a commercial crossroads, as illustrated in the map below.

From a human capital perspective, Bouira’s potential remains underutilized, particularly given the predominance of a low-skilled, undereducated workforce among individuals aged 35 and above. However, among younger age groups, the population exhibits similar characteristics to the rest of Algeria, with a growing proportion having completed at least middle school. A growing number of high schools are producing graduates who complete secondary education, and among baccalaureate holders, an increasing percentage pursue higher education. Despite these improvements, the region still faces a shortage of qualified labor, even with the contributions of vocational training. Nevertheless, with the recent rise in social mobility and the reduction in travel times brought about by the East-West Highway, the availability of skilled human resources is gradually improving.

2.2. Industrial Potential:

While Bouira’s development prospects cannot rely solely on the creation of a few SMEs, the region has the capacity to attract both public and private large-scale investments. However, small and medium-sized enterprises (SMEs) and micro-enterprises are expected to play a growing role in the region’s economy, thanks to their inherent ability to drive value creation and employment.

The wilaya currently has fewer than thirty business parks and two industrial zones, half of which remain in the planning phase. These numbers, already low for a territory five times the size of Algiers Wilaya, highlight the limited industrial development of Bouira. In fact, the number of industrial units in Bouira represents less than one-fifth of those

in Algiers. While a direct comparison with the capital is not entirely appropriate, it does provide a benchmark for understanding Bouira's relative industrial underdevelopment.

The economic fabric of the wilaya is primarily composed of SMEs. By the end of 2020, the total number of SMEs across all sectors approached 19,000, generating nearly 60,000 jobs. The SME density ratio stood at 21 SMEs per 1,000 inhabitants, indicating a weak level of economic development, not only compared to international standards but also relative to the national average.

As of December 2020, the distribution of existing SMEs by sector was as follows:

Table 2. SMEs and Jobs by Sector of Activity in 2020

Sector of Activity	**SMEs**		**Jobs**	
	Number	%	Number	%
Industry	3 381	16,2	11 493	19,19
Services	8 617	50,87	19 308	32,20
Agriculture	1 410	11,55	3 830	6,38
Construction & Public Works	4 461	21,38	25 329	42,23
Total	**18 871**	**100**	60 000	**100**

Source: Directorate of Industry, 2021.

II– Methods and Materials:

II.1. Research Methodology:

Starting with a questionnaire designed at the very beginning of the research that forms the subject of this study, we first carried out a very limited distribution of the questionnaire (about ten copies) to verify the relevance of the questions and refine them based on any possible reluctance or misunderstandings from the respondents. Once the questionnaire was revised, we proceeded with a wider distribution, involving Master's students to use it as their first research task. However, the survey could only be conducted between September 2021 and March 2022, primarily due to the circumstances related to the spread of COVID-19. Ultimately, the survey involved around a hundred industrial companies (114 respondents) from various sectors. Despite some gaps, the questionnaire was largely filled out correctly, allowing us to make the most of the data.

II.2. Survey Structure:

The design of the questionnaire took considerable time, driven by the practical need to align the series of questions in the different sections with field realities and the willingness of entrepreneurs to cooperate with the researchers. For this reason, the questionnaire underwent several versions, with changes made in the wording of questions based on feedback from the restricted initial distribution of about ten questionnaires. The main concern during this phase was to improve the clarity and intelligibility of the questions, making them more understandable. We combined opinion scales, closed questions with unified answers or multiple-choice questions to avoid ambiguous responses and increase both the relevance of the questions for the respondents and the response rate for the researchers.

The sampling method adopted was a non-probabilistic, reasoned selection approach. This seemed more appropriate given the field realities and the limited number of completed questionnaires. The elements of the sample were selected based on the following criteria:

- **Company Size**: We limited our study to small and medium-sized enterprises (SMEs), with fewer than 250 employees, as per the definition of SMEs in Algeria.
- **Time Period**: We selected companies that had been in operation for at least three years. Most studies on business growth consider that three years is the minimum required to ensure the sustainability of a business and to assess its ability to start growing. This threshold is also considered reliable for evaluating organizational performance.
- **Company Type**: Only industrial companies were included in the study.

The administration of the questionnaire was primarily carried out by us, with the contribution of Master's students for whom this work served as their first effort in choosing and processing their final thesis topic.

Among the 140 companies surveyed, 125 companies responded to our questionnaire. 15 questionnaires were not returned due to the refusal of business owners to cooperate; some saw no value in the survey, while others appeared reluctant about its nature and objectives. Moreover, many returned questionnaires were not fully completed, with owners refusing to answer certain questions, such as those related to revenue growth and taxation. For these reasons, about a dozen questionnaires were not validated, so the final dataset comprised the 113 correctly completed questionnaires.

The data collection was particularly challenging. Throughout the survey, we encountered difficulties in convincing entrepreneurs to answer the questions, with some refusing to cooperate without providing convincing reasons. To overcome this constraint, we had to remove some questions from the final version of the questionnaire, which, of course, limits the scope of the survey but does not heavily affect its relevance. The collected data was processed statistically using Excel software.

III- Results and discussion :

III.1. Characteristics of the Surveyed Companies:

III.1.1. Size:

The category of micro-enterprises (employing fewer than 10 workers) represents nearly 45% of the total companies in our sample. Companies employing between 10 and 50 workers make up 22.3%. Surveyed companies with more than 50 employees represent nearly 33%. It is worth noting the significance of this latter category, which contrasts with the general structure of SMEs in Algeria, where many studies highlight the dominance of micro-enterprises (TPE).

Table 3. Distribution of Companies in the Sample by Size

Size	Number of Employees	Percentage
Micro-enterprises (TPE)	30	44,7 %
Small Enterprises	15	22,3 %
Medium Enterprises	22	32,8 %
Total SMEs	**67**	**100 %**

Source: Prepared by the authors based on the survey.

III.1.2. Age:

At the time of the survey, nearly 53.4% of the companies were less than 10 years old. About 26% were between 11 and 20 years old, and only 20.4% of the companies had been in operation for more than 20 years.

Table 4. Distribution of Companies in the Sample by Age

Age	Companies	
	Number	%
1-10 years	55	53,4
11-20 years	27	26,2
over 20 years	21	20,4
Total	103	100

Source: Prepared by the authors based on the survey.

III.1.3. Legal Status:

The dominant legal status is SARL (Limited Liability Company) with a rate of approximately 44.1%. The legal statuses of EURL (Single-Person Limited Liability Company) and SPA (Public Limited Company) come in second and third positions with 24.5% and 14.7%, respectively.

Table 5. Distribution of Companies in the Sample by Legal Status

Legal Status	Companies	
	Number	%
SARL	45	44,1
EURL	25	24,5
SPA	15	14,7
SNC	7	6,8

Craftsmanship	10	9,8
Total	102	100

Source: Prepared by the authors based on the survey.

III.1.4. Capital Ownership:

In the table below, the most prominent characteristic of the surveyed companies is the ownership of capital by a single owner who is also the manager, representing 87% of the surveyed sample. Nearly all of the remaining 13% are non-owner managers, revealing the limited influence of market laws on capital, as the non-owner managers are responsible for capital in a company with shares (SPA).

Table 6. Capital Ownership of the Company

Company managed by	Compaies	
	Number	%
Owner-Manager	87	79
Non-Owner Manager	12	10,9
Others	11	10
Total	**110**	**100**

Source: Prepared by the authors based on the survey.

III.1.5. Sector:

Among the dominant sectors in the studied population, the food industry sector ranks first, with 30%. The wood and paper sector comes in second with a share of 14.4%. The construction materials, chemical, and plastics sectors rank third with an equal share of 12%.

Table 7. Distribution of Companies in the Sample by Sector

Sector	Companies	
	Number	%
Food Industry	32	30,7
ISMME*	2	2
Construction Materials	13	12,5
Chemicals, Plastics	13	12,5
Textile Industry	10	9,6
Leather Industry	4	3,8
Wood and Paper Industry	15	14,4
Miscellaneous Industries	22	21,5
Handicrafts	6	5,7
Total	**104**	**100**

Source: Prepared by the authors based on the survey.

These results are not surprising as they reflect the situation prevailing at the national economic level: the dominant sectors are indeed those with high overall value-added, but they are also characterized by their low technological added value. The marked weakness of the Iron, Steel, Metallurgical, Mechanical, and Electrical (ISMME) sector is noteworthy, as it requires both significant capital investment and the use of heavy technologies, which Algeria can only access through imports. As shown in the diagram above, various industries are well represented within the industrial sector of Bouira province. However, such industries do not form a sector capable of fostering sustainable development on their own.

Some accumulation of technological know-how could potentially form a cluster that would facilitate the development of a specific activity within the province.

III.1.6. Client Location:

The most important clients for growing businesses are roughly split equally between the local market (46%) and the national market (54%). Only 7% of businesses rely solely on their local market to sell their products, which is a positive indicator for the future development of businesses in the province. However, as revealed by the data regarding the size of businesses, this prospect remains more virtual than actual.

III.2. State Aid Mechanisms:

There are numerous aid and promotion mechanisms for SMEs. The table below indicates the number of businesses that benefited from each mechanism. In total, half of the business owners in the survey reported receiving public assistance through one or more of these mechanisms (ANSEJ, ANDI, CNAC, etc.). The ANDI mechanism ranks first, with 49.1%, followed by ANSEJ at 35%. The CNAC and ANGEM mechanisms each account for 12.2%. For the FGAR and MEDA mechanisms, only 7% of the surveyed businesses benefited from them in the province.

Table 8. State Aid Mechanisms Sector

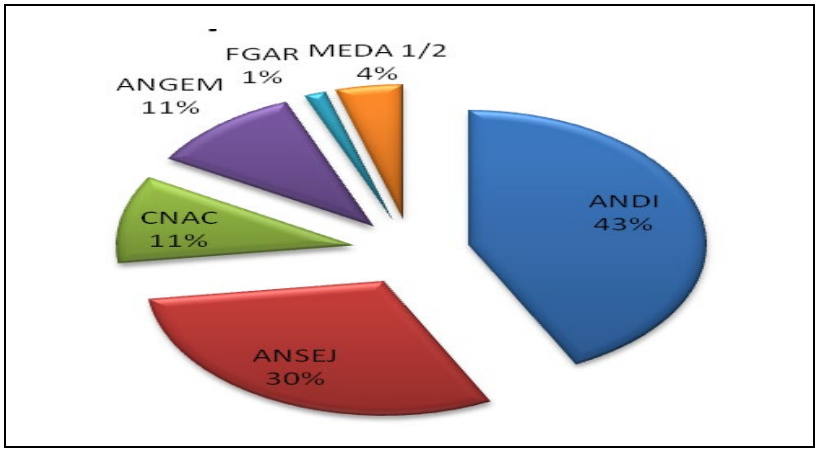
Aid mechanism	**Companies**	
	Number	**%**
ANDI	28	49,1
ANSEJ	20	35,0
CNAC	7	12,2
ANGEM	7	12,2
FGAR	1	1,7
MEDA ½	3	5,2
Total	**57**	**100,0**

Source: Prepared by the authors based on the survey.

The fact that half of the surveyed companies benefited from the ANDI mechanism is in itself a positive sign: it indicates that these companies either have or wish to develop a real industrial potential, as this mechanism, unlike others, primarily supports investors with industrial projects. The MEDA mechanism can also be added, although it is now quite outdated and currently inactive, making it difficult to draw any conclusions regarding its contribution to the industrial development of the wilaya.

The figure below provides a synoptic view of each mechanism's contribution to financing activities or investments in SMEs in the wilaya of Bouira.

Figure 1. State Support Mechanisms



Source: Prepared by the authors based on the survey.

III.3. Analysis of the Factors Influencing the Location of Businesses in the Wilaya of Bouira:

The data presented in Table 9 below indicate that, in addition to personal factors, few location factors have been systematically considered across the entire sample of SMEs studied. Only five factors received significant attention: nearly 42% of businesses cited the security of the area as the main reason for their location choice; 27% pointed to the availability of land; 24% mentioned that the area is known to be highly dynamic in terms of business activity, and an equivalent number of entrepreneurs highlighted the availability of basic infrastructure (ICT, sanitation, road networks, train stations, etc.).

Other location factors, such as low installation costs, institutional policies aimed at attracting investments, the availability of skilled labor, and proximity to universities and research centers, did not attract much attention from the surveyed entrepreneurs in explaining their location choice.

A key observation is the significant role that personal factors play in the location decisions of the SMEs surveyed, with 60% of responses citing this reason. Among the personal reasons mentioned, the importance of the networks established by the owner-manager throughout the life of the company stands out. The social ties that decision-makers have built allow them to obtain relevant, reliable, and exclusive information about local environments and the investment opportunities they offer (Delios and Henisz, 2001; Sorenson and Audia, 2000).

Moreover, these networks enable the company to access local resources it needs (business opportunities, natural resources, labor, technology, or capital) thanks to the mutual trust generated by interpersonal contacts (Sorenson and Stuart, 2003). This influence of personal relationships on the location of SMEs is enhanced by the high centralization of decision-making within this category of businesses.

A second reason explaining the personal nature of location choices is that it is the exclusive prerogative of the business owner. As a result, the owner tends to establish their business in their region of origin. This allows them, in addition to the advantages of social networks, to fulfill their implicit need for social recognition at the local level, affirm their identity, or simply minimize the travel time between their work and home locations.

Table 9. Factors Influencing the Choice of Business Location

Factor	Number of responses	%
• Personal considerations	66	60
• Area is known to be very dynamic in terms of business	27	24
• Availability of land	31	27
• Availability of skilled labor	20	17,5
• Availability of business information	10	9
• Availability of basic infrastructure	27	24
• Proximity to suppliers	22	19
• Low installation costs	21	18,5
• The area benefits from government policies	12	10,5
• Proximity to universities and research centers	5	4
• The area is secure	48	42

Source: Prepared by the authors based on the survey.

III.4. A Comparison with a National-Level Study:

We have previously conducted a study on this topic at the national level, Merzouk (2017). This study highlighted the predominance of four factors in the choice of location: availability of land (27%), the area being known for its dynamic business environment (18.75%), personal considerations (15.62%), and the availability of business information (9.37%). Both studies align on almost the same factors, except for the factor of a secure area, which represents 42% in this current study, whereas it only accounts for 2% in the national-level study. This significant difference can be explained by the insecurity that prevailed in the Bouira region during the 1990s (the region was ranked 3rd in terms of terrorism risk), something that entrepreneurs seem to have not easily forgotten.

IV- Conclusion:

The Wilaya of Bouira possesses undeniable assets for rapid development. It is part of the Centre-North Territorial Public Establishment (EPT c-n), which could be the economic heart of Algeria if the country did not rely on (and depend on) its oil and gas revenues. Its proximity to the capital, which has been significantly enhanced by the completion of the East-West highway over the past decade, along with its openness to the eastern and southern regions of the country, adds to its own resources a potential for activities that could propel its development. While its primary agricultural vocation, due to its territorial configuration, soil quality, and water reserves, is clear, it does not explain the extent of its industrial lag (and consequently, the overall economic delay) within the EPT c-n or at the national level.

The research findings indicate that several factors determine the location choice of growing SMEs. Four economic factors stand out: land availability, the area's reputation for business dynamism, availability of business information, and proximity to suppliers.

The results also show that, both at the local and national levels, the personal ties of business owners to the region significantly influence their location choices. The findings suggest that this connection is not necessarily strategic; rather, these ties can be emotional and personal. This is largely facilitated by the centralization of decision-making processes in the hands of the business owner, who also benefits from a strong social network built around him.

Perspectives and Limitations :

This study reveals that while economic factors play a key role in SME location choices, personal and social connections are also decisive. One limitation of the study lies in its focus on a specific region, limiting its generalizability to other regions or sectors. Future research could explore the influence of personal networks and social capital in other geographical and economic contexts. Additionally, a more in-depth exploration of the strategic factors behind location choices, including infrastructure, policy incentives, and institutional support, would provide valuable insights for both researchers and policymakers. Further studies could also focus on the dynamics between industrial lag and territorial development to better understand how regions like Bouira can leverage their resources for faster economic growth.

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Note:

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